



## Digital transformation leads wide-ranging change

The top macro trends in the reward and benefits space for 2025

Our latest research, *Benefits Trends for 2025*, produced in partnership with Barnett Waddingham, reveals the challenges reward professionals need to be aware of and how 296 top employers plan to adapt their strategies – and spend – to meet them.

The research identifies how digital transformation and legislative changes are set to reshape job design, pay and benefits. It also reveals a focus on attracting and supporting younger workers against a backdrop of longer working lives, and an increase in preventative health interventions as mental health remains a priority.

With the use of pay flexibility to support reskilling expected to surge by 282% in the next two years, it's clear that many employers are already embracing the intersections between legislative change, technological advances and employee proposition.

This briefing outlines six key findings from the report. For benchmarking data, the legislative changes causing concern for pay budgets, and the 14 workforce trends predicted to increase over the next five years, download the full report today.



# 296

Employer respondents, including: CityFibre, Flutter Entertainment, Haleon, Monzo and Rolls-Royce SMR

# 1.4m

Employees represented in the research

# 166

Respondents have more than 1,000 employees

### About the research

Using REBA's extensive membership, the insight team conducted an online survey between August and September 2024 to produce the full 24-page *Benefits Trends for 2025* research. The robust methodology uncovered clear future trends and decision-making patterns among the respondents.

IN PARTNERSHIP WITH



Download  
the full report

# Key findings

## Digital transformation to reshape business and benefits strategies

Use of digital, from robots to large language models, is set to revolutionise business products and services over the next decade. Respondents also collectively rank digital transformation as causing great change to future benefits strategies. This is despite a lack of clarity on the use of artificial intelligence for day-to-day benefits management.

### Importance of digital transformation to business products and services and employee benefits strategies over the next 10 years

Scale: 5 = greatest effect; 0 = no effect

#### Macro issues predicted to cause change to products/services



#### Macro issues predicted to cause change to employee benefits strategies



## More focus will be on younger generations

With rising turnover rates among younger employees, worrying numbers of young people economically inactive, and a falling population trend, a focus on strategies to attract and support younger generations is important to the majority (89%) of employers. Addressing the differing needs of older generations is bringing new benefits into the workplace.

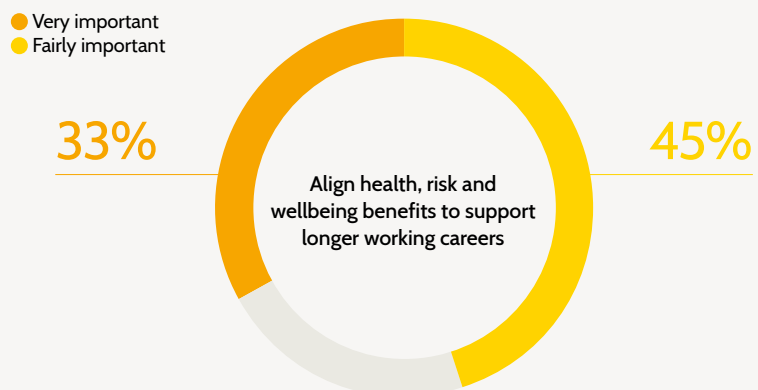
### Proportion of employers prioritising benefits for younger workers



## Longer working lives will change health strategies

Employers plan to adapt health, risk and wellbeing benefits for all generations to prepare for increasing numbers of employees retiring later than is currently the case. Employers are caught between the immediate needs of today's younger generations, while also trying to plan for the future people risks of an ageing workforce.

### Importance of benefit actions to support longer working careers



## Key findings

### People risk concerns are driving benefits spend

With claims and demand for mental health care soaring across the UK, almost all employers (95%) are prioritising spend in this area. Nearly as many (87%) place importance on mitigating future people risk by spending on prevention now, which supports the finding that employers plan to align strategies more closely to longer working careers.

#### Most important areas of spend (outside core benefits)



### Legislative changes will cause concern for pay budgets

Although this research found that respondents expected change to regulation and legislation to be the leading cause of change to benefits strategies over the next decade, the Employment Rights Bill published in September 2024 indicates that most employers will take those changes in their stride. However, the impact on pay budgets from a rise in the National Minimum Wage, as well as day-one rights to sick pay, is causing concern.

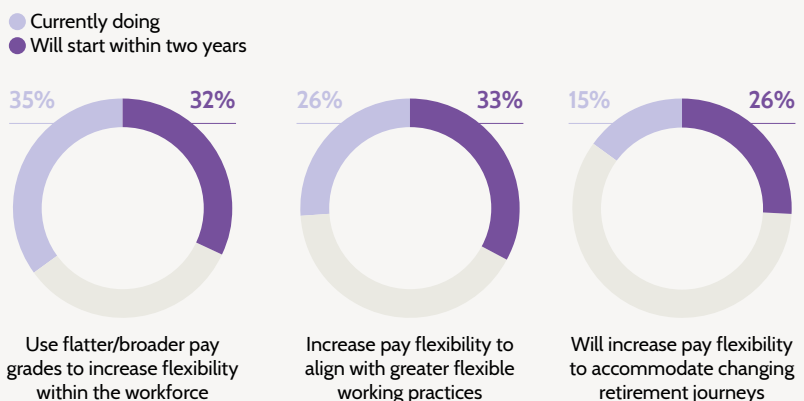
#### Top five pay-related employment rights likely to cause difficulty for employers



### Flexible pay strategies aid business transformation

As organisations transform as a result of macro issues such as digital, demographic, labour, climate and legislative change, workforces will need to become more agile and flexible, while picking up new skills and ways of working. This research shows that this will be increasingly driven through changing pay strategies.

#### Pay actions over the next two years to increasingly drive flexibility



# Recommended actions

From Barnett Waddingham

## 1 Increase benefits flexibility to support diverse employee needs

Given the growing diversity in employee demographics, such as younger workers demanding tailored engagement and older employees facing caregiving responsibilities, organisations should adapt benefits packages to increase flexibility wherever possible. Prioritising benefits for mental health support, chronic illness care and life-event assistance (eg, bereavement or financial counselling) will boost retention across all age groups.

Find out more by reading our new research paper, *The Balancing Act: Are Employers Really Prepared for the Demographic Crunch?*



## 2 Enhance digital tools for streamlined benefits management

As digital transformation reshapes both business operations and employee expectations, HR teams should leverage digital tools to streamline benefits administration and support data-driven decisions. Implementing digital solutions will not only increase flexibility and personalisation but could also improve operational efficiency and appeal to a tech-savvy workforce.

## 3 Adapt pay and work flexibility to attract talent

With the tight labour market intensifying competition for talent, consider increasing pay flexibility and offering innovative options like skill-based roles, cross-functional project opportunities and remote working arrangements. This approach can meet employees' demands for flexibility while enhancing the employee value proposition.

## 4 Prepare for legislative compliance

Proactively align benefits strategies with upcoming legislative changes, such as the recently published Employment Rights Bill, which is likely to affect day-one rights, pay transparency and flexible work policies. Preparing now for these regulatory shifts, including mandatory reporting and support for employee rights, can ensure smoother compliance and reinforce the strength of your employer brand.

### About Barnett Waddingham

Barnett Waddingham (BW) is a leading independent UK professional services consultancy with a strong focus on employee benefits and wellbeing. For the third consecutive year, we have been named Employee Benefits Consultant of the Year at the Workplace Savings and Benefits Awards – a recognition of our benefits consulting excellence.



### About REBA

The Reward & Employee Benefits Association (REBA) is a thriving community of HR professionals dedicated to pursuing best practice in reward and benefits. Synonymous with excellence, REBA informs and empowers its members to grow their networks, advance their knowledge, source and connect with market-leading vendors, and be prepared.

REBA's research taps into its diverse network to provide insights into the strategies that a broad range of organisations are implementing.

For more on the future of reward and benefits, join the REBA community at the REBA Future Forum in November.



Download the full report

